

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 5/20/2014	(3) CONTACT/PHONE Geoff O'Quest, 781-5011	
(4) SUBJECT Submittal of the Fiscal Year 2013-14 Third Quarter Financial Report. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board of Supervisors: <ol style="list-style-type: none"> 1. Receive, review, and file the Fiscal Year 2013-14 Third Quarter Financial Report; 2. Accept cash donations in a total amount of \$66,956 on behalf of the Department of Social Services, Parks, Library, and Animal Services and approve associated adjustments as outlined in Section 4 of the FY 2013-14 Third Quarter Financial Report (see Section 4 of the attached report for details); 3. Authorize a budget adjustment from General Fund Contingencies in the amount of \$200,000 in FC 135 – Public Defender for unbudgeted expenditures; 4. Authorize various budget adjustments totaling \$816,478 with no impact to the General Fund (see Section 4 of the attached report for details); 5. Approve a request from the Department of Social Services (FC 180) and Public works (FC 130) for relief from accountability for uncollectible debt totaling \$13,584 (see Section 4 of the attached report for details); and 6. Approve a request from the General Services Agency to declare 11 vehicles as surplus, authorize their removal from the County fleet, and authorize their sale to recover salvage value in accordance with County Code Section 2.36.030(5). Recommendations 2, 3 and 4 require a 4/5 vote of the Board. Details for items 2-6 can be found in Section 4 of the Report.			
(6) FUNDING SOURCE(S) General Fund Contingencies	(7) CURRENT YEAR FINANCIAL IMPACT \$200,000.	(8) ANNUAL FINANCIAL IMPACT None	(9) BUDGETED? No
(10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. ____) { } Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances { X } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) NA		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: Various { X } 4/5 Vote Required { } N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { X } N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW This item was prepared by the Administrative Office.			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office / Geoff O'Quest
781-5011

DATE: 5/20/2014

SUBJECT: Submittal of the Fiscal Year 2013-14 Third Quarter Financial Report. All Districts.

RECOMMENDATION

It is recommended that the Board of Supervisors:

1. Receive, review, and file the Fiscal Year 2013-14 Third Quarter Financial Report;
2. Accept cash donations in a total amount of \$66,956 on behalf of the Department of Social Services, Parks, Library, and Animal Services and approve associated adjustments as outlined in Section 4 of the FY 2013-14 Third Quarter Financial Report (see Section 4 of the attached report for details);
3. Authorize a budget adjustment from General Fund Contingencies in the amount of \$200,000 in FC 135 – Public Defender for unbudgeted expenditures;
4. Authorize various budget adjustments totaling \$816,478 with no impact to the General Fund (see Section 4 of the attached report for details);
5. Approve a request from the Department of Social Services (FC 180) and Public works (FC 130) for relief from accountability for uncollectible debt totaling \$13,584 (see Section 4 of the attached report for details); and
6. Approve a request from the General Services Agency to declare 11 vehicles as surplus, authorize their removal from the County fleet, and authorize their sale to recover salvage value in accordance with County Code Section 2.36.030(5).

Recommendations 2, 3 and 4 require a 4/5 vote of the Board. Details for items 2-6 can be found in Section 4 of the Report.

DISCUSSION

Overview

This report is intended to provide the Board of Supervisors and the public with an overview of the County's financial performance through the Third Quarter of Fiscal Year (FY) 2013-14. This Financial Report contains an overview of any significant variance between budgeted and actual use of General Fund dollars in the Third Quarter time frame of January 1, 2014 through March 31, 2014. The Financial Report presented to the Board contains exception reporting, no mention is made if the financial status of the fund center is within expected parameters.

The report is divided into five sections:

- **Section 1-** Provides an overview of the County's financial position at the end of the Third Quarter, as well as brief summaries of noteworthy departmental fiscal and operational issues.

- **Section 2** - Provides a big picture analysis of Third Quarter revenue receipts by category (e.g., taxes, charges for services, etc.) and fund (e.g., General Fund, Road Fund, etc.) as well as a review of contingency, designation, and reserve activity.
- **Section 3** - Provides a summary of all personnel changes approved by the Board of Supervisors, or made administratively by the Human Resources Department during the Third Quarter.
- **Section 4** - Provides a summary of miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations, discharge of bad debt, miscellaneous budget adjustments, and surplus and disposal of vehicles (details are provided in Attachments 2 through 5).
- **Section 5** - Provides an update on the capital improvement and maintenance projects managed by the General Services Agency and Public Works department (details are provided in Attachment 6).
- **Section 6** - Provides the annual Debt Review from the Auditor-Controller. The report confirms that the County is in compliance with legal debt limitations and comments on the County's overall debt (the memo from the Auditor-Controller is included in Attachment 7).

Executive Summary

Overall spending levels and revenue receipts at the end of the Third Quarter for FY 2013-14 were generally on track and consistent with the prior year. General Fund expenditures were 63% of budget, while General Fund revenues were realized at 60% of budget. This level of revenue realization is typical for the Third Quarter due to the time lag involved in billing cycles and the receipt of reimbursements. Some of the largest revenue sources, such as property taxes, are realized late in the fiscal year.

Items of note in the Third Quarter:

Only two issues of note have emerged as of the end of the Third Quarter and are noted below:

Public Defender

A budget adjustment from General Fund contingencies in the amount of \$200,000 is requested to cover unbudgeted expenditures. At the end of the Third Quarter, Public Defender expenditures are over budget by approximately \$100,000. This is due to the impact of complex murder cases, panga boat cases, and a major financial fraud case. As in past years, expenditures for extraordinary cases have not been included in the adopted budget and are covered with contingencies as necessary during the budget year. Any unspent General Fund expense appropriation available at year end will be carried over into the following fiscal year.

Clerk Recorder

As of the end of the Third Quarter, the Clerk-Recorder is reporting that recording revenues have declined 26% compared to the same period in FY 2012-13. The decline is primarily due decreased home-buying activity. Although this is expected to result in an overall revenue shortfall of \$263,000 at year end, use of restricted revenues held in trust will soften the impact, resulting in no impact to the General Fund.

OTHER AGENCY INVOLVEMENT/IMPACT

All departments contributed to the development of this report. The Administrative Office, Human Resources, and the Auditor-Controller's Office compiled data from departments and other sources for the report. The General Services Agency and the Public Works Department prepared the attached updates on capital and maintenance projects and the Auditor-Controller prepared the Annual Debt Review.

FINANCIAL CONSIDERATIONS

Approval of the above recommendations will have a total impact to the General Fund of \$200,000 as the result of the adjustments requested for the Public Defender budget to offset unbudgeted expenditures. A total of \$816,478 of other budget adjustments in various departments is also requested, with no impact to the General Fund. Details on these adjustments are provided in Section 4 of the Third Quarter Financial Report and the associated Attachment 5.

Approval of the recommendations will also allow for a total of \$66,956 in gift funds and donations to be accepted on behalf of Social Services, the Library, Parks, and Animal Services; and will discharge a total of \$13,584 of bad debt on behalf of Social Services and Public Works.

RESULTS

This report provides the Board of Supervisors and the public with an overview of the County's financial position at the end of the Third Quarter of FY 2013-14.

c - Department Heads

ATTACHMENTS

1. Third Quarter Financial Report, FY 2013-14
2. Section 4 Attachments- Acceptance of Gift Funds
3. Section 4 Attachments- Relief from Accountability
4. Section 4 Attachments- Miscellaneous Adjustments
5. Section 4 Attachments- Declaration of Surplus Vehicles
6. Section 5 Attachments- Capital and Maintenance Project Updates
7. Section 6 Attachment- Auditor-Controller's Annual Debt Review